

MARSCHAK

JUN 10 1973

INSTITUT FÜR ÖKONOMETRIE UND OPERATIONS RESEARCH

UNIVERSITÄT BONN

ABTEILUNG OPERATIONS RESEARCH

After October 15,
Western Management Science
Univ. of California, Institute
Los Angeles, CA 90024

till October 10, 1973.

Dear Professor Leiderberg! (and sent to Berkeley)

Your Note dated 4/16/73 was received by J. MARSCHAK
forwarded to me by my secretary, together at UCLA, together
with a copy of a letter of his to you, of 5/6. But
she has not included the paper you mention in
your letter, and I have asked her to do so. I
have also asked her to send you the Ely paper to which you refer,
two other reprints, and a Working paper.

I'm looking forward to reading your paper and to exchanging
ideas -- in writing during this summer and, hopefully, in per-
sonal discussion after my return to California. Will you be at
Stanford during the Fall term? --

5 years ago, I was much impressed by Feigenbaum's report,
given to a group at Berkeley, about his co-operation with you, which
I mention in the Ely paper. I have also remarked there that
economists are usually ignorant about the technology ("costs", "feas-
ibility constraints") of production and transportation, and indeed we
succeed better in formalizing the "benefits" ("value in use", "needs")
than the costs. On the "technology" of the various components of an
information system, one should learn from and in particular
of its "transportation" and "storage" components, one should learn from
people like yourself.

Reprint 86 (or 86 A) which you will receive from my secretary,
states the content of Ely paper in a more formal, mathematical
way, Reprint 103 emphasizes, that entropy measures ("bits") are
relevant to the costs of communication & storage but not to other
costs of information systems nor their values in use ("benefits"). Working
Paper 185 proposes an extension form of system models from chains &
to networks and has over a guess about possible computational
methods. - For a biologist, the "benefit" of, I suppose, the
time till the extinction of a species; an "optimal" system maximizes
the expected value of this time duration, ~~maximizes the system's "benefit"~~
This is very coarse and amateurish! Sincerely J. Marschak

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4 June '73